TransAlta

TransAlta Corporation

NOTICE TO SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting (the "Meeting") of holders of common shares of TransAlta Corporation (the "Corporation") will be held in the Crystal Ballroom, Palliser Hotel, 133 9 Avenue SW, Calgary, Alberta, on Thursday, May 4, 2000 at 10:00 a.m. (Calgary time) for the purpose of:

(a) receiving the consolidated financial statements of the Corporation and the auditor's report thereon;

(b) electing directors;

(c) appointing auditors; and

(d) transacting such other business as may properly be brought before the Meeting.

By Order of the Board of Directors

Calgary, Alberta
March 12, 2000

L.G. Letourneau
Corporate Secretary

If you are unable to be present at the meeting **PLEASE SIGN AND RETURN THE ACCOMPANYING PROXY** in the enclosed addressed envelope. Proxies must be deposited at the head and registered office of the Corporation not less than 24 hours prior to the time fixed for holding the Meeting.

Only shareholders of record at the close of business on March 16, 2000 will be entitled to vote at the Meeting except to the extent that a person has transferred any shares of the Corporation after that date and the new holder of such shares establishes proper ownership and demands not later than 10 days before the Meeting to be included in the list of shareholders eligible to vote at the Meeting.

TransAlta

TransAlta Corporation

MANAGEMENT PROXY CIRCULAR

MANAGEMENT SOLICITATION

This management proxy circular is furnished in connection with the solicitation of proxies by and on behalf of the management of TransAlta Corporation (the "Corporation") for use at the Annual Meeting (the "Meeting") of the shareholders of the Corporation to be held on Thursday, May 4, 2000 at 10:00 a.m. (Calgary time), or any adjournment thereof, for the purposes set out in the Notice of Meeting. Proxies must be deposited at the head and registered office of the Corporation not less than 24 hours prior to the Meeting.

The persons named in the accompanying proxy will vote or withhold from voting the shares in respect of which they are appointed in accordance with the direction of the shareholder appointing them. **In the absence of such direction, such shares will be voted (i) in favour of the election of each of the persons proposed to be nominated as directors; and (ii) in favour of the appointment of Ernst & Young, LLP as auditors of the Corporation.**

The cost of solicitation will be borne by the Corporation and will be made primarily by mail. Directors, officers and regular employees of the Corporation may solicit proxies without special compensation by telephone, facsimile or in person. Brokerage houses and other agents, custodians, nominees and fiduciaries will be reimbursed for the expense of forwarding documents to beneficial owners for whom shares are held.

Unless otherwise stated, information contained in this information circular is given as at March 10, 2000.

APPOINTMENTS AND REVOCATION OF PROXIES

The proxies are revocable. Subject to compliance with the requirements of the following paragraph, the giving of a proxy will not affect the right of a shareholder to attend and vote in person at the Meeting, or any adjournment thereof.

A shareholder giving a proxy may revoke the proxy by instrument in writing executed by the shareholder or by his attorney authorized in writing or, if the shareholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized, and deposited either at the head and registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used or with the chair of the Meeting on the day of the Meeting, or any adjournment thereof, or in any other manner permitted by law.

CONFIDENTIALITY OF VOTING

Proxies are counted and tabulated by CIBC Mellon Trust Company, the transfer agent of the Corporation, in such a manner as to preserve the confidentiality of individual shareholder votes, except (a) where the shareholder has made a written comment on the proxy form or otherwise clearly intends to communicate his or her individual position to management of the Corporation, (b) as necessary to meet the requirements of applicable law, or (c) in the event of a proxy contest.

VOTING SHARES AND PRINCIPAL HOLDERS THEREOF

There are outstanding 169,357,359 fully paid and non-assessable common shares of the Corporation. A shareholder is entitled to one vote in person or by proxy for each common share held. To the knowledge of management of the Corporation there are no persons who beneficially own, directly or indirectly, or exercise control or direction over more than 10% of the common shares of the Corporation.

Only shareholders of record at the close of business on March 16, 2000 will be entitled to vote at the Meeting except to the extent that a person has transferred any shares of the Corporation after that date and the new holder of such shares establishes proper ownership and demands not later than 10 days before the Meeting to be included in the list of shareholders eligible to vote at the Meeting.

ELECTION OF DIRECTORS

Each of the persons listed below is proposed to be nominated as a director of the Corporation to serve until the next annual meeting of shareholders or until his or her successor is elected or appointed. The proposed nominees for election as directors, if re-elected, intend to re-appoint J.T. Ferguson as chair of the board following the Meeting.

S.J. Bright was appointed a member of the board of directors on October 29, 1999. R.S. Deane has been added to the list of directors proposed to be nominated as a director. This increases the number of directors to thirteen and the current directors have decided that a board consisting of thirteen directors is appropriate for the Corporation at this time.

The board has established three committees: the Audit and Environment Committee ("AEC"), the Human Resources Committee ("HRC"), and the Nominating and Corporate Governance Committee ("NCGC"). The membership of these committees is set out in the following table.

All of the persons named in the following table are also proposed to be nominated as directors of TransAlta Utilities Corporation ("Utilities") and TransAlta Energy Corporation ("Energy"), each a subsidiary of the Corporation, at a shareholders' meeting (Utilities) and by signed resolution (Energy) on the date of the Meeting.

Name	Year First Became Director	Committee Membership	Principal Occupation	Shares of Corporation Beneficially Owned and/or Controlled	
				Common Shares	Deferred Share Units (see p. 5)
Lawrence Irving Bell	1992	AEC NCGC	Vice Chairman Shato Holdings Ltd. (Food Processing and Retailing)	2,100	1,863
Stanley Joseph Bright	1999	AEC	Vice Chairman of MidAmerican Energy Holdings Company (Electric and Gas Generation and Distribution) Chair and CEO of Iowa-Illinois Gas and Electric Company 1991 to 1999. (Electric and Gas Generation and Distribution)	3,000	300
Roderick Sheldon Deane	-	-	Chairman Telecom Corporation of New Zealand Limited (Telecommunications) Chairman Fletcher Challenge Limited (Building, Energy, Forests and Paper) Chairman ANZ Banking Group (New Zealand) Limited (Banking) Chairman TransAlta New Zealand Limited (Electric Generation and Retail) Chief Executive, Telecom Corporation of New Zealand Limited 1992-1999	-	-
Jack Cameron Donald	1993	HRC	President and Chief Executive Officer, Parkland Industries Ltd. (Petroleum Refining and Marketing)	7,028	-
John Thomas Ferguson, F.C.A.	1981	AEC HRC NCGC	Chair, TransAlta Corporation (Electric Industry Holding Company) Chairman of the Board, Princeton Developments Ltd. (Commercial Real Estate Development)	14,635	1,227
Christopher Hampson, C.B.E.	1994	AEC	Chairman RMC Group, PLC (Construction Materials)	5,881	-
Charles Harold Hantho, C.M. F.C.A.E.	1992	HRC NCGC	Chairman, Dofasco Inc. (Integrated Producer of Flat Rolled Steel) Chairman and member of the Board of Governors, York University (Educational Institution) Chairman, Camco Inc. (Appliance Manufacturer)	2,000	1,863
Louis Davies Hyndman, O.C., Q.C.	1986	HRC NCGC	Senior Partner of Field Atkinson Perraton (Barristers & Solicitors)	3,137	-
Donna Soble Kaufman	1989	AEC NCGC	Lawyer and Corporate Director	6,500	1,863
John Scott Lane	1993	AEC NCGC	Corporate Director	4,130	1,863
John Wallace Madill	1978	AEC	President, J. Wallace Madill and Associates (Agricultural and Management Consultant)	6,448	1,863
Stephen Gregory Snyder	1996		President and Chief Executive Officer TransAlta Corporation (Electric Industry Holding Company)	26,221	-
Ralph Ambrose Thrall, Jr.	1981	HRC	President McIntyre Ranching Co. Ltd. (Cattle Ranching)	11,560	-

REMUNERATION OF DIRECTORS

A directors' retainer is paid to all directors for their services as directors of each of the Corporation, Utilities and Energy. An additional retainer is paid to board and committee chairs. Unrelated directors are compensated on a per diem basis for attendance at board or committee meetings, travel time, or while otherwise engaged in TransAlta business at the request of the Corporation. An "unrelated" director is a director who is independent of management and is free from any business relationship or any other interest which could, or could reasonably be perceived to, materially interfere with the director's ability to act with a view to the best interests of the Corporation, other than interests and relationships arising from share holdings.

The board believes that ownership of TransAlta common shares or share units by all directors is desirable in order to align their interests with those of TransAlta shareholders. Directors receive their annual retainer in shares and/ or deferred share units of the Corporation as described below in the section entitled "Deferred Share Unit Plan".

The following is a summary of the compensation paid to directors in 1999:

Directors' Compensation Table

Compensation	Per Year
Director Retainer	300 common shares or deferred share units per quarter, for a total of 1,200 units[(1)]
Retainer for Chair of the Board	$125,000[(2)]
Committee Chair Fee	$5,000 [(3)]
Meeting Fee	$1,500 per diem or part thereof, including traveling time, for attendance at board or committee meetings or while otherwise engaged in TransAlta business.[(4)]
Telephone Meeting Fee	$1,000
Out of Pocket Expenses	Reimbursed

(1) This includes 800 shares in respect of the services performed for the Corporation, 200 shares in respect of the services performed for Utilities and 200 shares in respect of the services performed for Energy.

(2) The Chair retainer fee includes compensation for Chair duties, including attendance at all committee meetings. The Chair does not receive additional fees for attending committee meetings but does receive additional board meeting fees and the director's retainer.

(3) A maximum annual committee chair fee of $5,000 applies regardless of whether there is more than one committee of the same type representing more than one of the TransAlta corporations. Membership of the various committees of the Corporation, Utilities and Energy is identical and no additional fees are paid to the Chair or members of the committees for committee meetings of Utilities and Energy.

(4) See also note 2. A director receives an additional per diem payment of $1,500 (or $1,000 if it is a telephone meeting) for attending a committee meeting held on the same day as a board meeting, or for attending two different committee meetings on the same day.

DEFERRED SHARE UNIT PLAN

In 1998 the Corporation instituted a Directors' Deferred Share Unit Plan whereby a director may elect to receive the annual retainer either in the form of common shares or in deferred share units ("Units") of the Corporation. If a director elects to receive shares, these shares are purchased through the stock exchanges in order to avoid dilution. Costs and expenses of purchasing the shares are borne by the Corporation.

A Unit is a bookkeeping entry, equivalent to a common share, credited to a director's account until retirement. In addition, such accounts are credited with Units equivalent to cash dividends paid on the Corporation's common shares. Upon retirement, the director will receive cash equal to the value of the Units, based on the market value of the Corporation's common shares at the time of the director's retirement.

REMUNERATION OF OFFICERS

Over the past three years, the Corporation has taken deliberate steps to more closely align the compensation of officers and the board of directors with the interest of shareholders. Broadly speaking, this has been accomplished by putting more emphasis on performance-based pay and in paying part of compensation in the form of shares, and encouraging officers and directors to own and retain shares in the Corporation.

In 1997, the Corporation introduced a Performance Share Ownership Plan to replace stock options and stock appreciation rights as a long-term incentive plan. In essence, payments under the plan require a minimum performance level to vest and are dependent on the total return to shareholders in comparison with peer corporations. In addition, the shares must be retained for a prescribed time frame before they are available for sale. A detailed description of this plan is provided under the heading "Summary of PSOP Operations".

In 1998, the Corporation changed the remuneration practices for its board of directors. Annual retainers are now paid in the form of shares or deferred share units. The deferred share units must be retained until the director ceases to be a director of the Corporation. Details of relating to director compensation can be found under the heading "Remuneration of Directors" on page 4.

In 1999, the Corporation introduced share ownership guidelines for vice-presidents. Vice-presidents must own the equivalent to their annual salary in shares within five years of their appointment, and the president and chief executive officer ("CEO") must own the equivalent of at least twice his annual salary in shares.

These changes, the Corporation believes, will put further emphasis on and real consequence to increasing shareholder value.

The following table sets forth all annual compensation for services in all capacities to the Corporation and its subsidiaries for the fiscal years ended December 31, 1999, 1998, and 1997 in respect of the CEO, and the five other most highly compensated executive officers (the "Named Executive Officers").

Summary Compensation Table

		Annual Compensation			Long-Term Compensation			
					AWARDS		PAYOUTS	
Name and Principal Position	Year	Salary	Bonus	Other Annual Com- pensation	Securities Under Options / SARs Granted	Restricted Shares or Restricted Share Units	LTIP Payouts	All Other Compensation
		($)	($)	($) (1)	(#) (2)	(#)	($)(3)	($)(4)
S.G. Snyder	1999	545,840	290,000	-	-	-	523,550	35,711
President and Chief	1998	500,000	332,500	-	-			35,350
Executive Officer (5)	1997	425,000	276,397	-	-			29,519
I.A. Bourne	1999	275,040	115,517	-	-	-	n/a	762
Executive Vice-President	1998	262,549	145,912	-	-			605
& CFO (5)	1997	-	-	-	-			-
M.A. Nelson	1999	250,020	151,762	49,165(6)	-	-	113,200	291
Executive Vice-President,	1998	197,500	107,835	-	-			483
New Zealand (5)	1997	180,000	86,635	-	-			397
G.R. Holden	1999	250,008	96,253	-	-	-	127,350	12,000
Executive Vice-President,	1998	204,560	112,900	46,436(6)	-			11,991
Generation (5)	1997	190,000	107,081	37,704(6)	-			10,956
J.A. Tapics	1999	250,008	96,253	-	-	-	113,200	12,268
Executive Vice-President,	1998	189,589	101,620	-	-			11,964
Transmission & Distribution (5)	1997	175,000	80,731		-			10,921
D.L. Farrell	1999	250,008	96,253	-	-	-	113,200	12,271
Executive Vice-President,	1998	181,254	106,578	-	-			11,880
IPP (5)	1997	148,000	64,259	-	-			10,853

(1) The value of perquisites and other such benefits is no greater than the lesser of $50,000 and 10 per cent of the total of the annual salary and bonus of S.G. Snyder, I.A. Bourne, and J.F. Dinning for each of the 1997, 1998 and 1999 fiscal years. The value of perquisites and other such benefits is greater than the lesser of $50,000 and 10 per cent of the annual salary and bonus of G.R. Holden and M.A. Nelson, as described in (7) below.

(2) Amounts in this column reflect the number of common shares of the Corporation granted under option in the year indicated. The Corporation has not granted any stock appreciation rights (SARs).

(3) "LTIP" refers to Long Term Incentive Plan. See "Performance Share Ownership Plan" below.

(4) Amounts in this column reflect premiums paid by the Corporation for each officer for "term life insurance" for employees, contributions made by the company towards defined contribution pension benefits, and directors' fees where applicable.

(5) S.G. Snyder was appointed president and chief executive officer effective September 3, 1996. Prior to his appointment, S.G. Snyder was president and chief executive officer of Noma Industries Limited, an electrical products manufacturing and marketing company. S.G. Snyder was appointed to the boards of directors of the Corporation, Utilities and Energy on August 8, 1996. I.A. Bourne was appointed to his current position on June 1, 1998. Prior to this position, he was senior vice-president and chief financial officer effective January 19, 1998. Prior to joining TransAlta, I.A. Bourne was senior vice-president and chief financial officer at Canada Post Corporation. G.R. Holden was appointed to his current position on January 1, 1999. Prior to this, G.R. Holden held the position of executive vice-president, New Zealand. M.A. Nelson was appointed to his present position on January 1, 1999. Prior to his current position, M.A. Nelson held the position of executive vice-president Transmission & Distribution, effective June 1, 1998.

Prior to June 1, 1998, M.A. Nelson held the position of vice-president, Transmission & Distribution Operations effective January 1, 1997. Prior to January 1, 1997 M.A. Nelson was vice-president, Retail Energy Marketing. J.A. Tapics was appointed to his current position on January 1, 1999. Prior to this date, J.A. Tapics was executive vice-president, Generation effective June 1, 1998. Prior to June 1, 1998 he held the position of vice-president, Generation. D.L. Farrell was appointed to her current position on August 1, 1998. Prior to this, D.L. Farrell held the position of vice-president, IPP Development & Energy.

(6) This amount represents the value of perquisites and other such benefits as well as allowances paid to G.R. Holden and M.A. Nelson as expatriate employees while working as officers of the Corporation in New Zealand. Those benefits exceeding 25 per cent of M.A. Nelson's total perquisites for 1999 are $12,501 as a foreign service premium. Those benefits exceeding 25 per cent of G.R. Holden's total perquisites are as follows: 1998: $21,204 was paid as a goods and services cost of living adjustment. 1997: $21,204 was paid as a goods and services cost of living adjustment and $9,500 was paid as a foreign service premium.

PERFORMANCE SHARE OWNERSHIP PLAN

The following table sets forth information regarding performance share ownership plan ("PSOP") units awarded to Named Executive Officers during the 1999 fiscal year. A description of the operation of the PSOP is provided under the heading "Summary of PSOP Operation" below.

Long-Term Incentive Plan Awards During the Most Recently Completed Financial Year

			Estimated Future Payouts Under Non-Securities Price-Based Plans		
Name	Securities, Units or Other Rights (#) (1)	Performance Period Until Maturation or Payout	Minimum # of Units (less than 25th percentile)(2)	Target # of Units (50th percentile)(3)	Maximum # of Units (75th percentile or higher)(4)
S.G. Snyder	0 – 48,000	1/1/99 to 31/12/01	0	24,000	48,000
	0-34,000	1/1/98 to 31/12/00	0	17,000	34,000
	0-100,000	1/1/97 to 31/12/99	0	50,000	100,000
I.A. Bourne	0 – 12,000	1/1/99 to 31/12/01	0	6,000	12,000
	0-30,000	1/1/98 to 31/12/00	0	15,000	30,000
G.R. Holden	0 – 12,000	1/1/99 to 31/12/01	0	6,000	12,000
	0-16,000	1/1/98 to 31/12/00	0	8,000	16,000
	0-24,000	1/1/97 to 31/12/99	0	12,000	24,000
M.A. Nelson	0 – 12,000	1/1/99 to 31/12/01	0	6,000	12,000
	0 – 12,000	1/1/98 to 31/12/00	0	6,000	12,000
	0 – 20,000	1/1/97 to 31/12/99	0	10,000	20,000
J. A. Tapics	0 – 10,000	1/1/99 to 31/12/01	0	5,000	10,000
	0 – 10,000	1/1/98 to 31/12/00	0	5,000	10,000
	0 – 20,000	1/1/97 to 31/12/99	0	10,000	20,000
D.L. Farrell	0 – 12,000	1/1/99 to 31/12/01	0	6,000	12,000
	0 – 12,000	1/1/98 to 31/12/00	0	6,000	12,000
	0 – 20,000	1/1/97 to 31/12/99	0	10,000	20,000

(1) Indicates the range of PSOP units that the Named Executive Officer is eligible to be awarded. In the event the Percentile TSR (as defined below) is of the 75th percentile or greater, the Named Executive Officer receives the maximum number of PSOP Units, if at the 50th percentile, one half of the maximum number of PSOP units, and at the 25th percentile one quarter of the maximum number of PSOP units. If the Percentile

TSR is less than the 25th percentile the Named Executive Officer is not awarded any units except at the discretion of the Human Resources Committee. See "Summary of PSOP Operation" below for information regarding the operation of the PSOP.

(2) Assumes the Percentile TSR is less than the 25th Percentile and the Human Resources Committee does not exercise its discretion to issue any PSOP units.

(3) Assumes the Percentile TSR is of the 50th Percentile and does not include any units issued pursuant to the Dividend Amount (as described below).

(4) Assumes the Percentile TSR is of the 75th Percentile or greater and does not include any units issued pursuant to the Dividend Amount (as described below).

Summary of PSOP Operation

The following is a summary of the manner in which the PSOP operates:

Within 120 days of the beginning of the calendar year, the Human Resources Committee sets the range of units that the Named Executive Officers are eligible to receive for that compensation period. This range is held over a three-year qualifying period, before the participant is eligible to receive any common shares. The actual number of units a participant may receive at the end of a three-year qualifying period is directly determined by the percentile ranking of total shareholder return (TSR) of the Corporation's common shares, against a recognized index of publicly traded companies. Where the TSR percentile is at the 75th percentile or higher, the Committee may award the participant the maximum number of units. Where the TSR percentile is at 25%, or at any other percentile between 25 and 75 per cent, the Committee may award the corresponding number of units. Where TSR performance falls below the 25th percentile, the participant is not eligible to receive any units, except at the discretion of the Committee.

When the three-year waiting period is completed, the participant is eligible to receive additional units, equal to the value of the dividend amount that would have accrued over the three-year qualifying period.

Once the determination of PSOP eligibility and amount has been made by the Committee, including the accrued dividend calculation, withholding taxes and any other deductions which the Corporation is required to make are deducted from the total number of units awarded. Common shares are issued and must be held for an additional two years before the participant is allowed to dispose of shares. The PSOP compensation model covers a full five-year period before the participant receives direct benefit from the common shares. This time frame is designed to ensure executives are focused on long-term shareholder value creation. Should participants leave TransAlta at any point prior to the expiry of the three-year waiting period, they forfeit the right to eligibility for any units covered by that time period. They retain the right to shares already issued.

STOCK OPTIONS

The following table sets forth information concerning exercises of stock options during the 1999 fiscal year by each of the Named Executive Officers and the number and value of unexercised options held by each of them at December 31, 1999. The Corporation discontinued issuing stock options in 1997.

Aggregate Option Exercises in the Most Recently Completed Financial Year and Financial Year-End Option Values

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized ($)	Unexercised Options/SARs at FY-End (#) (1)		Value of Unexercised in-the-Money Options /SARs at FY-End ($) (2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
S.G. Snyder	0	0	30,000	20,000	0	0
I.A. Bourne	0	0	0	0	0	0
G.R. Holden	0	0	10,100	7,200	600	0
D.L. Farrell	0	0	8,640	5,880	180	0
M.A. Nelson	8,000	63,080	10,120	4,080	0	0
J. Tapics	30,000	357,050	6,120	4,080	0	0

(1) Each option is exercisable into one common share of the Corporation.

(2) The value of unexercised in-the-money options is calculated based on the closing price of the common shares on the Toronto Stock Exchange on Dec. 31, 1999 ($14.15) less the exercise price of the option. (No options were repriced or issued during the most recently completed fiscal year.)

RETIREMENT PENSION PLAN

Members who joined the retirement pension plan (the "Pension Plan") prior to July 1, 1998 had two options: a defined benefit option and a defined contribution option. Members joining after July 1, 1998 must join the defined contribution option. The Pension Plan is non-contributory and is based on the sum of annual base salary (see "Salary" column of the Summary Compensation Table on page 6) and the individual's annual performance incentive payment (see "Bonus" column of the Summary Compensation Table).

The defined benefit pension benefits are payable for life with a five-year guarantee, are integrated with the Canada Pension Plan benefits and are based on the highest consecutive 60 months pensionable earnings in the last ten years of employment ("Final Average Earnings"). The basic monthly pension amount is 1.4% for Final Average Earnings up to the Canada Pension Plan earnings base and 2% for Final Average Earnings above the Canada Pension Plan earnings base, all multiplied by the total number of years in this option ("Credited Service"). However, the Income Tax Act (Canada) limits the annual pension amount payable under the Pension Plan to $1,722 or less per year of Credited Service.

The defined contribution pension benefits are based on contributions of 10% of pensionable earnings. However, during 1999, pensionable earnings were capped under the Pension Plan at $116,000 resulting in a maximum annual contribution of $11,600 (see "All Other Compensation" column of the Summary Compensation Table).

To compensate Pension Plan participants who are affected by the Income Tax Act limits on defined benefit pension benefits or by the Corporation-imposed limits on defined contribution pension benefits, the Corporation has adopted a supplemental pension plan (the "Supplemental Pension Plan"). The Supplemental Pension Plan provides a defined pension benefit for each year of Credited Service equal to 2% of Final Average Earnings on pensionable earnings in excess of the above limits.

Assuming that the Named Executive Officers remain in the employ of the Corporation until the normal retirement age of 65, such officers will have the following number of years of Credited Service: S.G. Snyder, 19, I.A. Bourne, 20, and G.R. Holden, 43, M.A. Nelson, 43, J.A. Tapics, 41, Dawn L.

Farrell, 40. S.G. Snyder, G.R. Holden, J.A. Tapics and D.L Farrell are participants in the defined contribution option. I.A. Bourne and M.A. Nelson are participants in the defined benefit option.

The table below shows the total annual pension payable under the Pension Plan (before integration with the Canada Pension Plan) and/or the Supplemental Pension Plan for various levels of pensionable earnings and Credited Service.

Retirement Pension Plan Table

Remuneration	YEARS OF CREDITED SERVICE				
($) (1)	15 ($)	20 ($)	25 ($)	30 ($)	35 ($)
50,000	15,000	20,000	25,000	30,000	35,000
75,000	22,500	30,000	37,500	45,000	52,500
100,000	30,000	40,000	50,000	60,000	70,000
125,000	37,500	50,000	62,500	75,000	87,500
150,000	45,000	60,000	75,000	90,000	105,000
175,000	52,500	70,000	87,500	105,000	122,500
200,000	60,000	80,000	100,000	120,000	140,000
225,000	67,500	90,000	112,500	135,000	157,500
250,000	75,000	100,000	125,000	150,000	175,000
300,000	90,000	120,000	150,000	180,000	210,000
400,000	120,000	160,000	200,000	240,000	280,000
500,000	150,000	200,000	250,000	300,000	350,000
600,000	180,000	240,000	300,000	360,000	420,000
700,000	210,000	280,000	350,000	420,000	490,000
800,000	240,000	320,000	400,000	480,000	560,000

(1) For participants in the defined contribution option only, "Remuneration" should be interpreted as earnings in excess of $116,000 as the supplemental pension plan only applies to earnings in excess of this amount.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

Subsequent to January 1, 1999, there has been no indebtedness, other than routine indebtedness, outstanding to the Corporation or any of its subsidiaries from any of the Corporation's directors, nominees for election as directors, executive officers, senior officers or associates of any such directors, nominees or officers.

TERMINATION OF EMPLOYMENT AND CHANGE OF CONTROL AGREEMENTS

Of the Named Executive Officers, the Corporation has entered into a termination of employment agreement with S.G. Snyder whereby in the event of (a) a termination of employment for any reason other than voluntary termination, for sufficient cause, on death, by reason of disability or at normal retirement age, (b) such executive officer terminating employment within two years of a change of control of the Corporation or within two years of a constructive dismissal following a merger, or (c) failure to negotiate a new agreement prior to the end of the current period of employment, the Corporation shall pay to such executive officer two times his Annual Salary. For this purpose "Annual Salary" is defined as a sum equal to annual base salary plus the greater of: (i) the annual performance

incentive bonus most recently paid by the Corporation or its subsidiaries, if any, or (ii) the average of the last two annual incentive bonuses paid by the Corporation or its subsidiaries. In addition, the executive officer would continue to receive health and dental care premium subsidies, participation in the eyeglass program, life insurance and car allowance for a two-year period following the date of termination, or in lieu thereof, would receive a cash payment. If the executive officer is entitled to defined benefit pension benefits under the Pension Plan, such officer would receive normal pension benefits at retirement age, increased by two years of Credited Service and a cash payment payable as a retiring allowance equal to the value of two additional years of Credited Service. If the executive officer is entitled to defined contribution pension benefits under the Pension Plan, such officer would receive an additional cash amount payable as a retiring allowance equal to two years of additional contributions. Under the agreement, such officer would also be entitled to exercise immediately all stock options such officer would be entitled to exercise within a period of two years following the date of termination. The executive officer would also receive a payment under the long-term incentive program, the "PSOP", with the determination period for the purpose of this calculation being the period beginning on the first day or days of the Compensation Period or periods and ending on the last day of the month immediately prior to the date of termination. The Corporation has also agreed to pay the executive officer a bonus equal to one times Annual Salary in the event the officer's employment continues beyond the period of two years following a change of control.

Of the Named Executive Officers, the Corporation has entered into change of control agreements with I.A. Bourne, M.A. Nelson, G.R. Holden, J.A. Tapics and D.L. Farrell whereby in the event TransAlta terminates employment or constructively dismisses such executive officer within one year of a merger or change of control of the Corporation, the Corporation shall pay to such executive officer two times his Annual Salary (as described above). The executive officer shall receive, in lieu of benefits under the Corporation's health care, eye glass program, life insurance coverage, car allowance, provincial health care subsidies, disability benefits and other similar benefits previously furnished to the executive officer, an additional cash amount equal to 16% of the executive officer's Annual Salary (excluding for this purpose the annual Performance Incentive Bonus). Under such change of control agreements, pension benefits, stock options, and "PSOP" entitlement are treated in the same manner as in the termination of employment agreements described above. These agreements do not provide for a bonus in the event of continued employment for two years following a change of control.

REPORT ON EXECUTIVE COMPENSATION

Composition of the Human Resources Committee

The Human Resources Committee of the board of directors (the "Committee") consists of five unrelated directors: J.C.Donald, J.T. Ferguson, C.H. Hantho (chair), L.D. Hyndman, R.A. Thrall, Jr.. None of the Committee members are or have ever been executive officers or employees of the Corporation or its subsidiaries and the only relationship the Committee members have or have had with the Corporation has been as directors. No members of the Committee have any indebtedness to the Corporation or any of its subsidiaries nor have they any material interest, or have any associates or affiliates which have any material interest, direct or indirect, in any actual or proposed transaction in the last financial year which has materially affected or would materially affect the Corporation or any of its subsidiaries.

Report of the Human Resources Committee

The Committee administers the Corporation's executive compensation program. The Committee has responsibility for reviewing and recommending to the board of directors proposed salaries and benefits paid to corporate officers, performance incentive plans and payments, the granting of stock options, PSOP awards, appointment of executive officers, executive employment contracts, management succession plans, development plans for key management personnel, and major retirement pension plan changes. The Committee is also responsible for matters of governance with respect to the Pension Plan.

The Committee met six times in 1999.

The Corporation's executive compensation program consists of a competitive annual base salary, an annual performance incentive compensation plan and longer-term component consisting of PSOP awards.

Base Salaries

The Corporation's policy has been to pay base salaries to executive officers that are competitive with a comparison group of Canadian corporations. Corporations in the comparison groups are selected and approved by the Committee based on the recommendations of independent compensation consultants.

Comparison group survey results, collected and compiled by the independent compensation consultants, establish the reference point for each senior management position. The median of the survey results determine the normal target level for each position. The base salary for each executive officer is determined by the officer's past experience, experience in the current position and overall individual performance relative to the survey reference point.

Annual Performance Incentive Compensation Plan

The annual performance incentive compensation plan (the "Incentive Plan") for executive officers of the Corporation, is designed to recognize their contributions to corporate and business results. The Incentive Plan provides for annual cash awards based on corporate and business unit performance and individual contributions to the achievement of the Corporation's planned results. The performance goals and the weightings of the various measures are approved annually by the board of directors. Target awards have been weighted at 60% for corporate performance including earnings per share and cash flow. Forty per cent weighting was placed on individual contribution, including productivity targets and business unit performance.

The target award was set at 35% of base salary for the Named Executive Officers (other than the CEO) for fully satisfactory corporate, business unit and individual performance, and would result in annual total cash compensation that is median competitive relative to the above comparison groups.

Depending on the achievement of both corporate and individual goals, payments can range from nil, up to a maximum of 70% of base salary if the targets are exceeded and if individual performance is assessed as excellent, thus placing a significant portion of total cash compensation at risk each year.

Long-Term Incentive Plan

The use of the corporate stock option plan was suspended in 1997 and no options have been granted to the Named Executive Officers since 1996. The Corporation has adopted the PSOP to determine long term incentive compensation.

A more detailed explanation of the PSOP is provided on page 8 ("Summary of PSOP Operation") in this management proxy circular.

Chief Executive Officer Compensation

The annual base salary of the CEO is determined in the same manner described in the above discussion of base pay determination for all executive officers.

The CEO also participates in the Corporation's Incentive Plan with the target award set at 50% of base salary for the CEO in 1999. The incentive payment could range from nil to a maximum of 100% based on performance. The performance goals, weightings of the various measures and determination of the level of achievement are dealt with in the same manner described in the above discussion of incentive pay determination for all executive officers.

The CEO is also granted annual awards under the PSOP, as shown in the table "Long-Term Incentive Plan Awards During the Most Recently Completed Financial Year" on page 7.

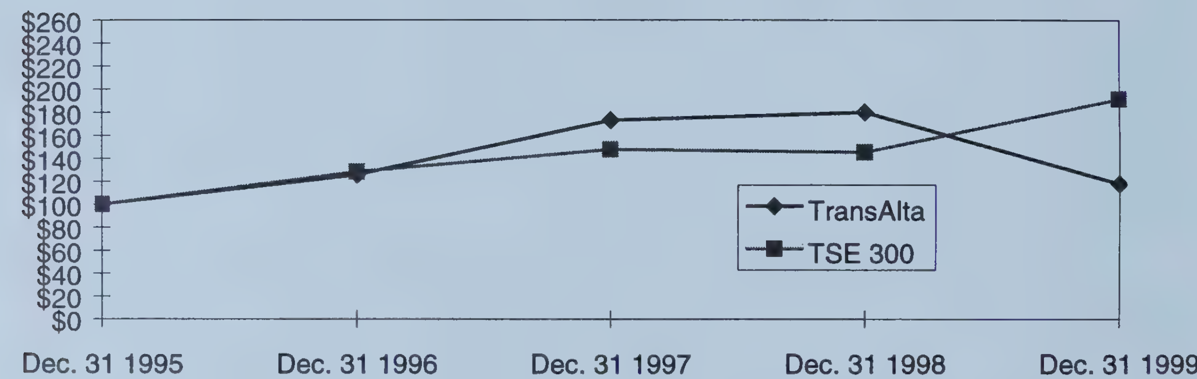
BY THE HUMAN RESOURCES COMMITTEE

J.C. Donald
J.T. Ferguson
C.H. Hantho, Committee Chair
L.D. Hyndman
R.A. Thrall, Jr.

COMPARATIVE SHAREHOLDER RETURN

This line graph and table compare the return on the Corporation's common shares for the period 1995 through 1999, assuming a $100 initial investment with all dividends reinvested, to the cumulative returns, for the same investment with all dividends reinvested, in respect of The Toronto Stock Exchange "TSE 300" Total Return Index.

Performance Graph
Cumulative Value of a $100 Investment
Assuming Reinvestment of Dividends



	Dec. 31, 1995	Dec. 31, 1996	Dec. 31, 1997	Dec. 31, 1998	Dec. 31, 1999
TransAlta	$109	$136	$186	$193	$126
TSE 300	$114	$147	$169	$166	$219

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation has purchased directors' and officers' liability insurance, which has an aggregate claim limit of $50 million each policy year for all directors and officers of the Corporation and its subsidiaries. The annual cost of this coverage in 1999 was $147,558. There is no deductible with respect to claims against insured persons. The Corporation is also insured and a deductible amount of $100,000 is applicable with respect to losses subject to corporate reimbursement. The cost of this insurance is paid by Utilities and Energy.

CORPORATE GOVERNANCE

TransAlta Corporation and Corporate Governance

Pursuant to the guidelines of the Toronto Stock Exchange, the Corporation is to disclose information relating to its system of corporate governance. The Corporation has adopted The Toronto Stock Exchange ("TSE") definition for corporate governance, which is as follows:

> "Corporate governance" means the process and structure used to direct and manage the business and affairs of the corporation with the objective of enhancing shareholder value, which includes ensuring the financial viability of the business. The process and structure define the division of power and establish mechanisms for achieving accountability among shareholders, the Board of Directors and management. The direction and management of the business should take into account the impact on other stakeholders such as employees, customers, suppliers and communities.

The following provides a detailed overview of the Corporation's corporate governance practices. The numbers in parentheses correlate to each of the guidelines recommended by the TSE.

Role of the Board (1)

The board has plenary power and any responsibility that is not delegated to senior management or a board committee remains with the full board. On behalf of the Corporation's shareholders, the board of directors is responsible for the overall stewardship of the Corporation, and assumes responsibility for reviewing the Corporation's strategic plans, monitoring and assessing performance and progress in meeting the long and short-term goals of the Corporation, establishing the overall policies and standards for the Corporation and overseeing the Corporation's internal control and management information systems. The board is responsible for understanding the principal risks associated with the Corporation's business on an ongoing basis and it is the responsibility of management to assure that the board and its committees are kept well informed of these changing risks in a timely manner. The Human Resources Committee is responsible for overseeing the Corporation's management succession planning process.

The board has put in place certain processes to ensure effective communications between the Corporation, its stakeholders and the public, including creating and maintaining current information on a Corporate internet web-site (www.transalta.com) and maintaining a toll-free telephone line for questions and concerns of investors. The Corporation also currently operates a 24-hour call centre for responding to customer concerns.

The board of directors is kept informed of the Corporation's operations through regularly scheduled meetings of the board and its committees and through reports and analyses and discussions with management. During 1999, the directors met as a board on nine occasions in person, including one special meeting devoted exclusively to the Corporation's corporate strategy and direction, and two times by telephone conference. Communications between the directors and management occur as required in addition to the scheduled board and committee meetings.

Committees of the Board (9)

There are three standing committees of the board: Audit and Environment, Human Resources, and Nominating and Corporate Governance, each of which is composed entirely of unrelated directors. The membership and role of these Committees is set out in more detail on pages 11, 15 and 16, respectively. The board has delegated certain responsibilities to each of these committees and has instructed each of them to perform certain advisory functions, to make recommendations and to report to the board. Committee members are appointed annually, following the Annual Meeting of Shareholders, on the recommendation of the Nominating and Corporate Governance Committee.

Nominating and Corporate Governance Committee (2-10)

The Committee (4,10)

The Nominating and Corporate Governance Committee (the "Committee") is responsible for developing the Corporation's approach to and overseeing corporate governance issues as they apply to the Corporation, as described in more detail below. In 1999, the Committee met four times in person, and once by telephone conference. The Committee is composed of L.I. Bell, J.T. Ferguson, C.H.Hantho, L.D. Hyndman, D.S. Kaufman (chair) and J.S. Lane.

Composition of the Board (7)

The Committee is responsible for reviewing annually the composition of the board, including the appropriate skills and characteristics required of board members in the context of the current make-up of the board. In this regard, the Committee recommends to the board nominees for election as directors and for membership on board committees. The board has determined that it is appropriate for the Corporation to increase the size of the board from twelve to thirteen at this time and thirteen persons have been nominated as directors of the Corporation to take office at the Meeting.

Independence of the Board (2,3)

The Committee conducts an annual review of the directors to ensure that the majority of directors are unrelated to the Corporation and that, where any relationships exist, the director is acting appropriately. Each director is required to make a detailed declaration for the current year and the previous five years with respect to employment, business and personal relationships with the Corporation or any of its affiliates, or any other interest and any business or other relationship which would, or could reasonably be perceived to interfere with their ability to act with a view to the best interests of the Corporation. Twelve of the Corporation's thirteen nominated directors are unrelated directors. S.G. Snyder, president and chief executive officer of the Corporation, is a related director of the Corporation.

Board Evaluation (5)

The Committee conducts an annual evaluation of the overall performance of the board, the board/management relationship and performance and each individual director's contribution to and membership on the board through questionnaires. The chair of the board also meets with each director on an annual basis to determine whether there are further issues to be addressed.

New Director Orientation (6)

New directors are provided with an orientation and education program which includes written information about the duties and obligations of directors, the business and operations of the Corporation, documents from recent board meetings, opportunities for meetings and discussion with senior management and other directors and opportunities to tour the Corporation's facilities.

Compensation (8)

The Committee reviews the compensation of the directors each year and makes recommendations to the board for consideration when it believes changes are warranted.

Relationship Between Board and Management (11)

To define limits to management's authority, the board has established General Authority Guidelines, which place limits on management's authority depending on the nature and size of a proposed transaction. These limits allow for some flexibility within approved budgets but otherwise must not be exceeded without board approval. The board has adopted position descriptions for the board and CEO. The Human Resources Committee is responsible for evaluating the CEO's performance each year.

Independence of the Board From Management (12)

The board has generally chosen to separate the positions of chair of the board and chief executive officer but will make this choice based on what is in the best interests of the Corporation at a given point in time. The chair of the board, J.T. Ferguson, is an unrelated director. In addition, the unrelated directors regularly hold in-camera sessions without management present and an unrelated director assumes the responsibility of chairing such sessions. During 1999, J.T. Ferguson fulfilled this role.

Audit and Environment Committee (13)

The Audit and Environment Committee (the "Committee") reviews matters affecting financial reporting, the role and adequacy of internal accounting and financial controls, and internal audit procedures and plans. It is also responsible for reviewing environmental, health and safety issues. The Committee recommends to the board of directors the appointment of external auditors and the extent of their work. The Committee also reviews and recommends to the board for approval the annual financial statements, annual information form, and certain other documents required by regulatory authorities. The Committee monitors and reports to the board on compliance with the corporate code of conduct, risks inherent in the business and related risk management programs, and compliance with environmental regulations affecting the Corporation. In 1999 the Committee met four times in person, and twice by telephone conference. At all four meetings at which the Committee met in person, it met separately with the Corporation's director of internal audit and the external auditors. The Committee is composed of L.I. Bell, S.J. Bright, J.T. Ferguson, C. Hampson, D.S. Kaufman, J.S. Lane and J.W. Madill (chair), all of whom are unrelated directors.

Independent Advisors (14)

Occasionally individual directors may need the services of an advisor to assist on matters involving their responsibilities as a board member. The board has determined that any director who wishes to engage an outside advisor at the expense of the Corporation obtain the authorization of the Nominating and Corporate Governance Committee.

APPOINTMENT OF AUDITORS

Management of the Corporation proposes to nominate Ernst & Young, LLP, Chartered Accountants, the present auditors of the Corporation, as auditors of the Corporation to hold office until the next annual meeting of shareholders.

OTHER MATTERS

Management knows of no other matter to come before the Meeting. The accompanying instrument of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the Notice of Meeting, and with respect to other matters which may properly come before the Meeting. If any other matters which are not known to management properly come before the Meeting, the shares represented by proxies in favour of management nominees will be voted on such matters in accordance with the best judgment of such nominees.

ADDITIONAL INFORMATION

Additional information regarding the business of the Corporation is contained in the Corporation's annual information form dated April 28, 1999, and documents incorporated by reference therein. Additional financial information regarding the Corporation is provided in the Corporation's comparative consolidated financial statements for the year ended December 31, 1999. Copies of these documents, the Corporation's annual information form for the fiscal year ended December 31, 1999 (when it becomes available) and documents incorporated by reference therein (when they become

available), any interim financial statements for periods subsequent to December 31, 1999 and additional copies of this management proxy circular may be obtained upon request from the director, Investor Relations, TransAlta Corporation at 110 - 12th Avenue S.W., Box 1900, Station M, Calgary, Alberta, T2P 2M1; telephone 1-800-387-3598 in Canada, or (403) 267-2520 in Calgary and outside of Canada; fax (403) 267-2590; e-mail 'investor_relations@transalta.com'.

If the person requesting the documents is not a security holder of the Corporation, he or she may be required to pay a reasonable charge for these documents.

Corporate information is also available on TransAlta Corporation's internet web-site: http://www.transalta.com.

DIRECTORS' APPROVAL

The contents of this management proxy circular and the sending thereof have been approved by the board of directors of the Corporation.

The foregoing contains no untrue statement of material fact and does not omit to state a material fact that is required to be stated or that is necessary to make a statement not misleading in the light of the circumstances in which it was made.

S.G. Snyder
President and Chief Executive Officer

I.A. Bourne
Executive Vice-President and Chief Financial Officer

Calgary, Alberta
March 12, 2000

L.G. Letourneau
Corporate Secretary

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